

TasNetworks Customer Engagement

May 2018

Nature:



Roadmap for this report

- 1** Background & Methodology
- 2** Customer Quarterly Bills and Systems Installed
- 3** Outage Response
- 4** Services Valued, Reliability and Overall Satisfaction
- 5** Summary & Potential Next Steps

Background and Objectives

The background to this study

- As part of TasNetworks' customer engagement/feedback programme, research is undertaken annually to better understand customers and provide insight to identify ways of working better for Tasmanian residents.
- This research piece aims to build on current understanding within the business about the needs and attitudes of consumers, so that the services that TasNetworks provides can be planned and delivered with the long-term interests of consumers in mind.

Objectives of the research

- Help continue to grow knowledge within the business of customer needs, attitudes and preferences.
- Provide a mechanism for customer feedback to reach the business, so that this information can be used to inform future business strategy.
- Make the research results available to customers, including actions being taken by the business in light of the findings.
- Provide the ability to monitor key customer engagement metrics over time, with the aim of demonstrating progress on this front.

2018 Methodology & Sample

Recruitment

In 2018, TasNetworks employed a 10 minute online survey via Survey monkey, speaking to Tasmanians from AgFest and via the TasNetworks website.



Who we spoke to

Tasmanian household energy decision makers.

NB: there were n=11 people in the study who claimed *someone else* in the house was responsible for making decisions – therefore, their answers were excluded from reporting.

Sample size

Research was conducted amongst a total sample of n=744 household electricity decision-makers



Fieldwork timings

Surveys were conducted between 27th April – 10th May 2018



Important to note is the differing recruitment approach that this research adopts each year. This limits the direct comparisons that can be made in this report.

**DIFFERING
METHODOLOGY
EACH YEAR:**

2015	Mixed recruitment from research panel, TasNetworks website and AgFest patrons
2016	Recruitment from Agricultural shows
2017	Recruitment primarily via general research panel (+ portion of completes from Agricultural shows)
2018	Recruitment from AgFest + TasNetworks website



Respondents who **actively opt-in** to take part in survey research, as is the case at a festival or when people find their own way to a specific website, they are **inherently more engaged** with the subject matter. This can impact their response to:

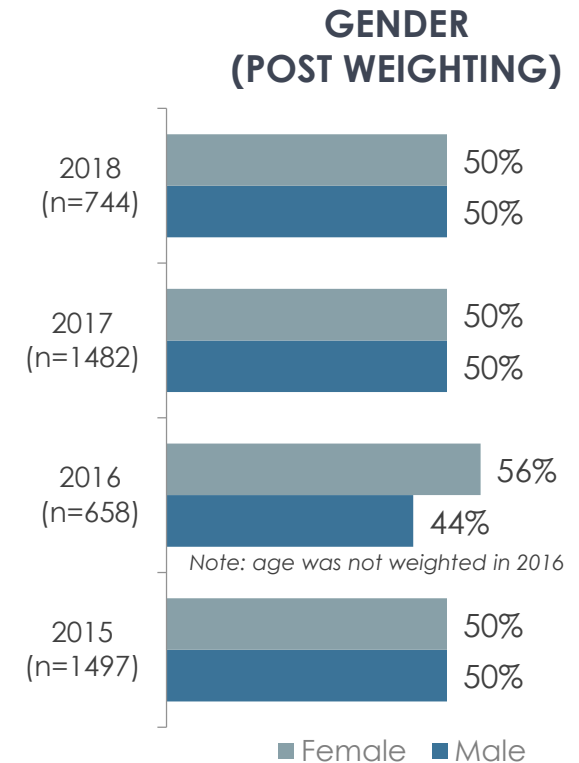
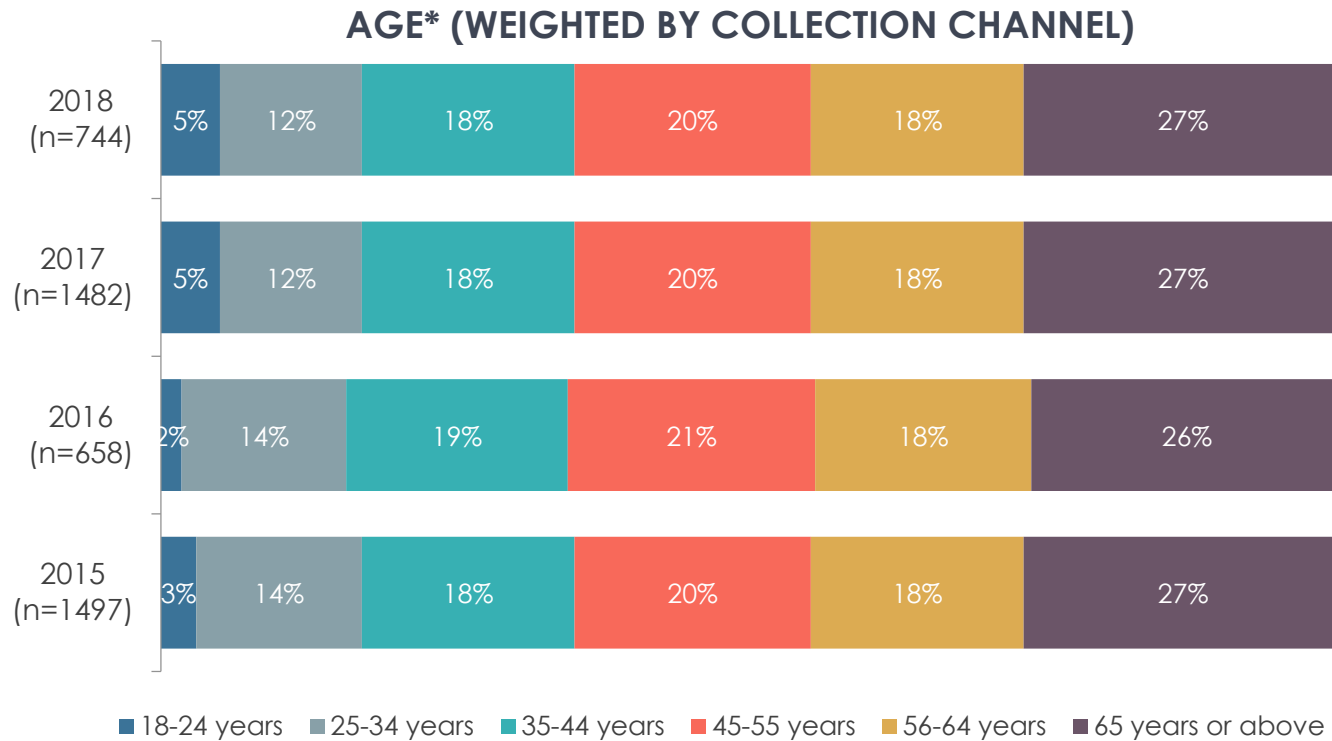
- Satisfaction questions
- Needs / Wants questions, and
- How they respond to open-ended questions

IN THIS REPORT WE HAVE PRESENTED ALL 4 YEARS' WORTH OF DATA WHEN AVAILABLE. HOWEVER **COMPARISONS ARE BEST MADE BETWEEN ALTERNATIVE YEARS** – I.E. 2018 VS. 2016, GIVEN THE METHODOLOGICAL SIMILARITY (APPLES WITH APPLES)

Consistent weighting for age and gender has been applied to 2018 data to remove any data skews year on year.

DEMOGRAPHICS

Weighted by Age & Gender in 2018



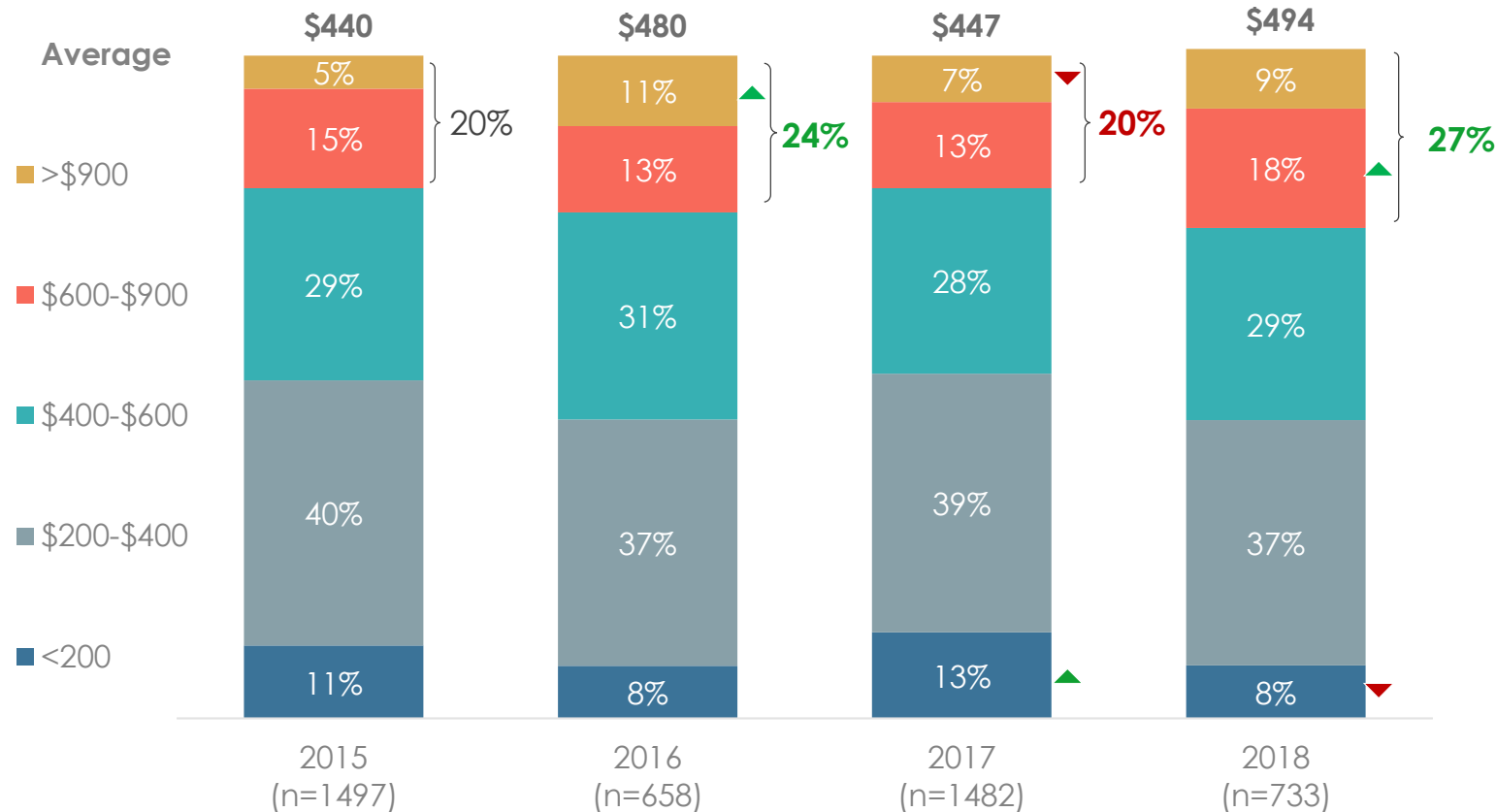
Note: AgFest & EcoFest respondents are included in total sample results each year, weighted individually then combined.

Customer Quarterly Bills and Systems Installed






Claimed quarterly bill levels have increased in 2018 – 1 in 4 think they now pay over \$600 per quarter

QUARTERLY ELECTRICITY BILL



2018 SUBGROUPS DIFFERENCES

(average \$)

Group	Sig. difference to Total Sample	Comparison to 2016
 Kids at home	\$601 ▲	\$562
 Aged 65+	\$414 ▼	\$383
 Low Income (<\$50k)	\$439 ▼	\$392

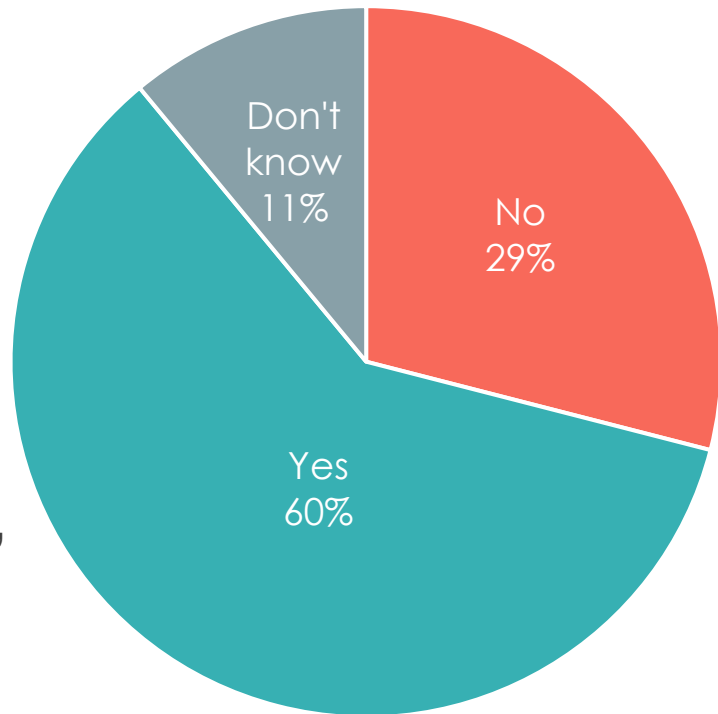
Groups with higher quarterly bills are just as likely to be experiencing increased electricity costs in 2018 as those who pay less (e.g. those with lower income).

Q2. What is your average quarterly electricity bill? (if you can't recall, please estimate).

Base: All household electricity decision-makers

Most customers are happy with the amount they pay, however after their quarterly bill exceeds \$400 there is a large chunk who are unhappy (especially-so after \$900)

HAPPY WITH THE AMOUNT YOU PAY?

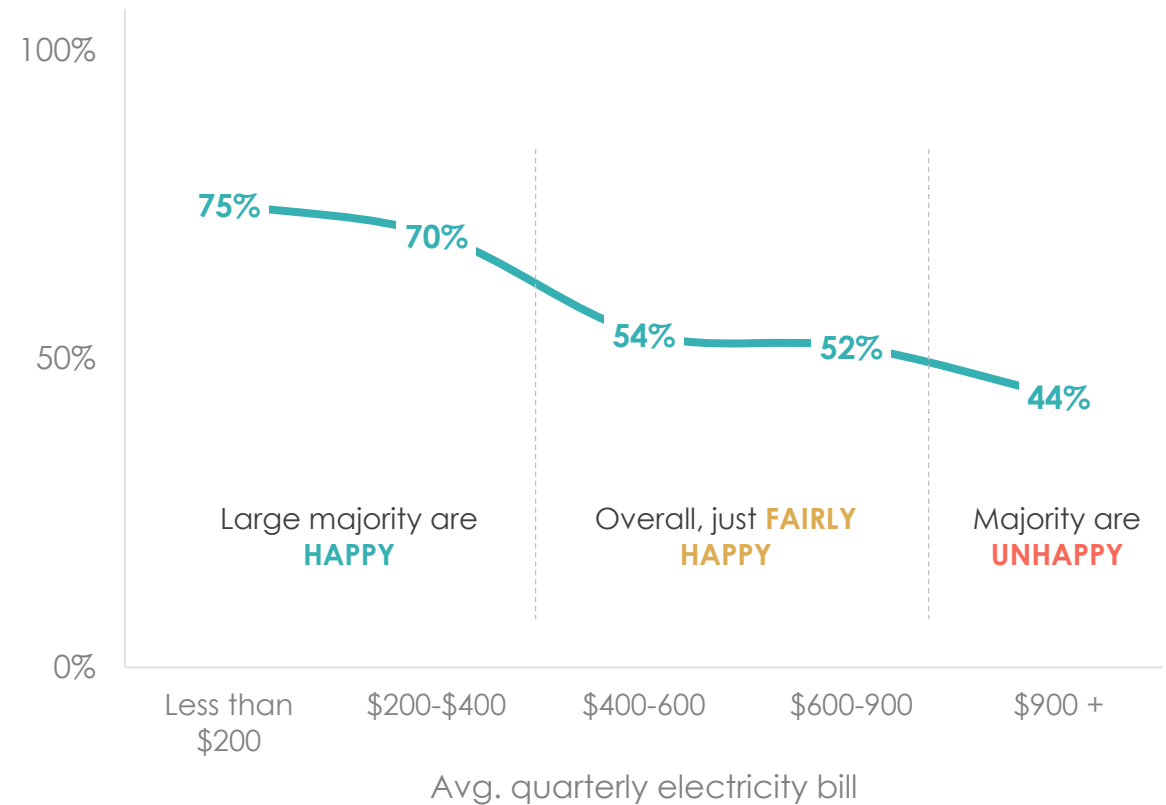


64% 'Yes' in 2017

of outages impacts happiness – 5 is the maximum before the majority of people start to become unhappy with the amount they pay

IMPACT OF AVG. QUARTERLY BILL ON HAPPINESS WITH AMOUNT PAID

% happy with the amount they pay



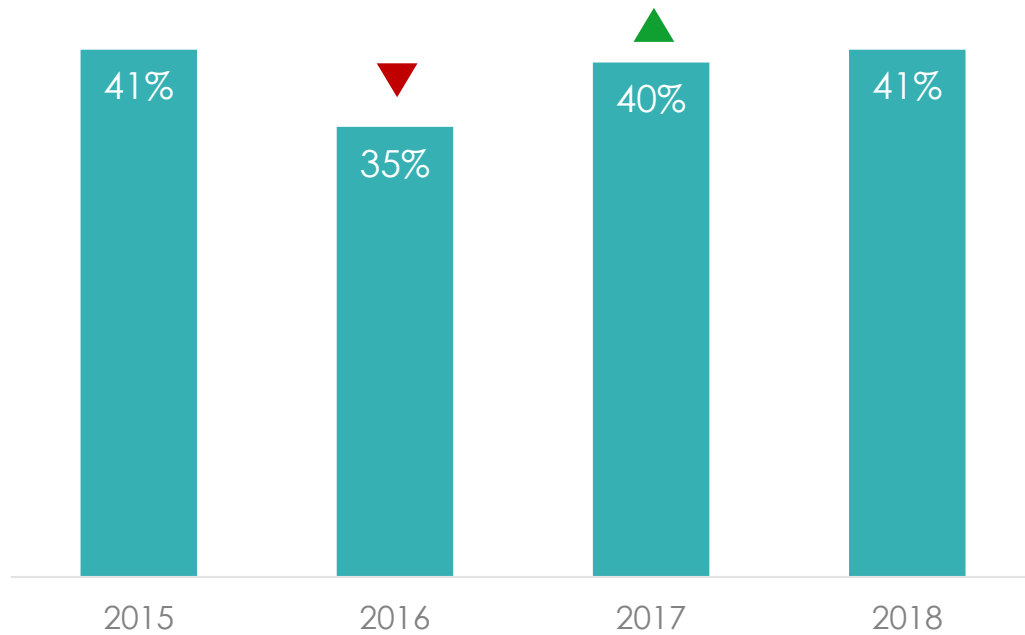
Q11. Are you happy with the amount you pay for the level of network reliability and service you receive? Q2. What is your average quarterly electricity bill? (if you can't recall, please estimate).

Base: All household electricity decision-makers (n=733)

Overall, fewer people have embedded generation installed in 2018. However penetration is growing for those subgroups among whom it is already prevalent.

BILL CONCESSION

% who receive bill concession(s)

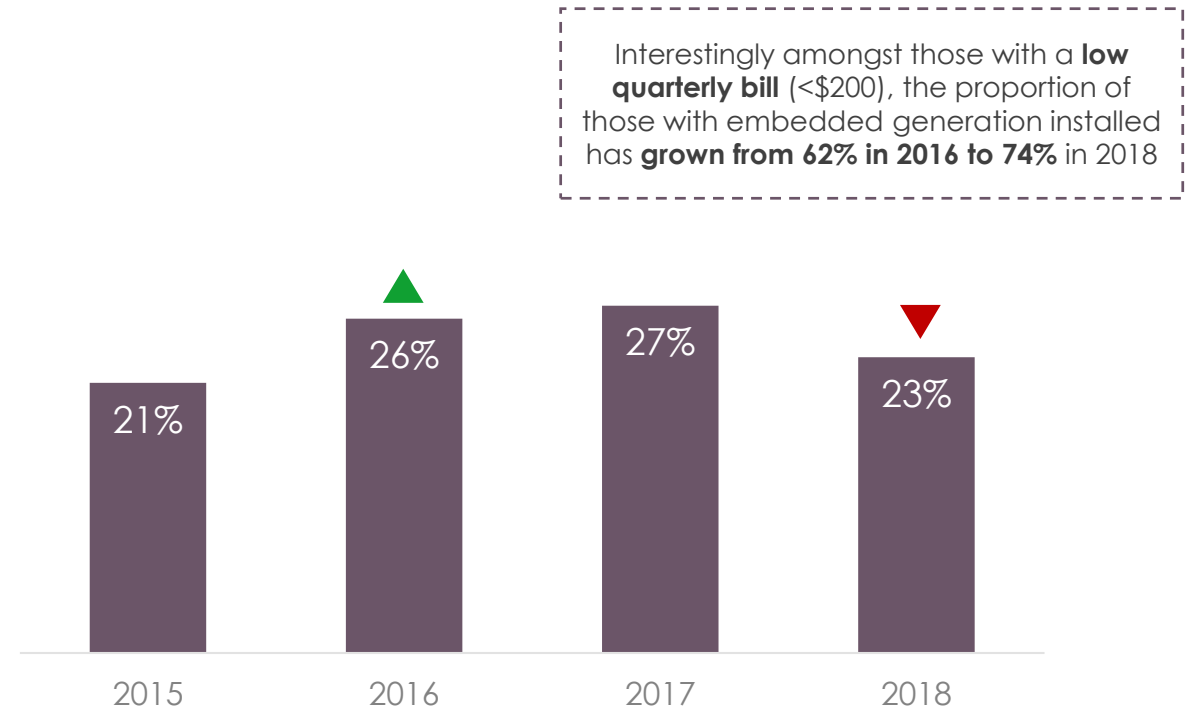


TOP SUBGROUPS

65+ years old: **72%** (+6% vs. 2016)
 Low income <\$50k: **75%** (+6% vs. 2016)

EMBEDDED GENERATION INSTALLED

% who have installed



TOP SUBGROUPS

Those with a quarterly bill under \$200: **74%** (+2% vs. 2016)
 Those without kids at home: **39%** (+7% vs. 2016)

Q6. Do you receive a concession on your electricity bill? Q3. Do you have embedded generation such as solar panels installed at your home?

Base: All household electricity decision-makers: 2015 (n=1497), 2016 (n=658), 2017 (n=1482), 2018 (n=733)

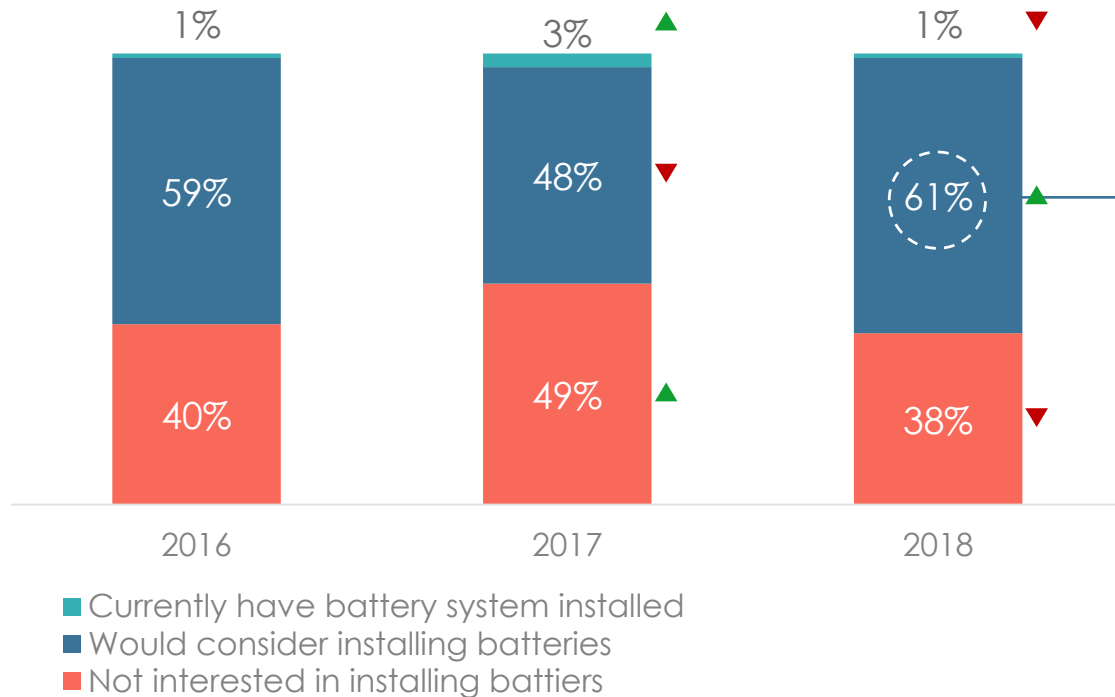
▲▼ Sig. difference vs. previous year

Nature

Battery systems are still extremely uncommon, however Tasmanians are becoming increasingly open to the idea. However, most would be unwilling to consider it above an instalment cost of \$2,000.

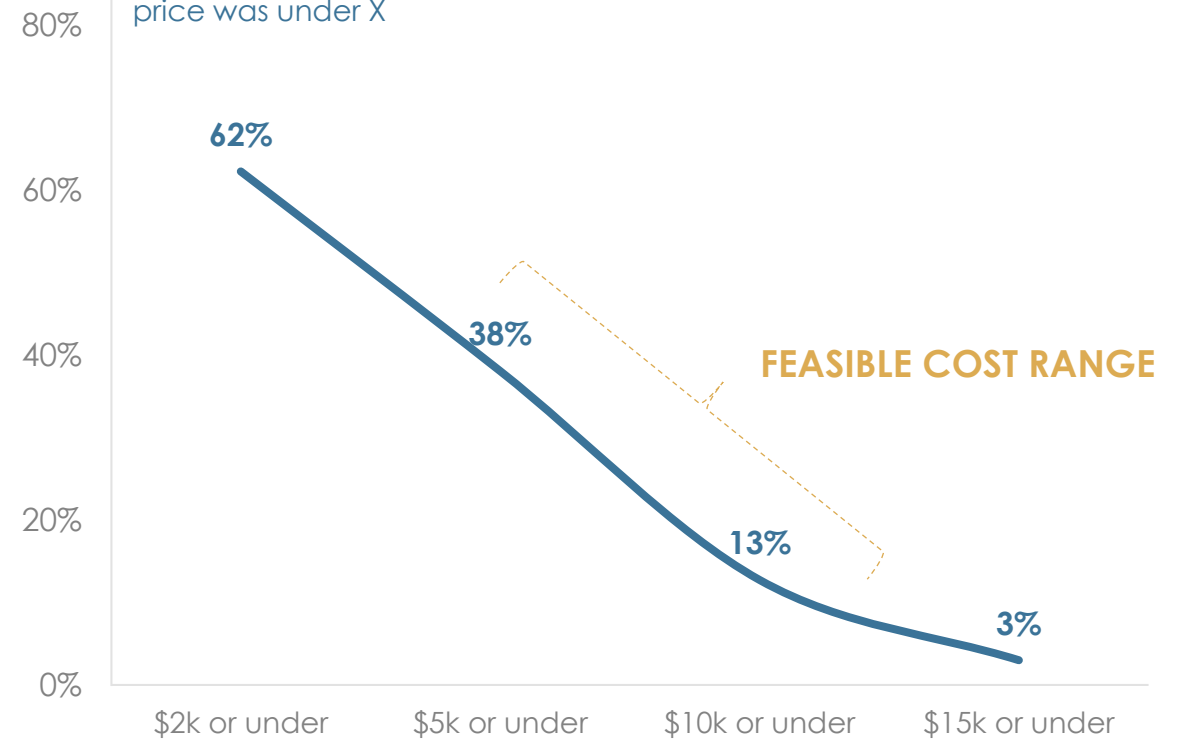
BATTERY SYSTEM INSTALLATION

Ownership/Consideration/Rejection



CONSIDERATION PRICE

% of those without a battery system who would consider installing if price was under X



Overall consideration of battery systems is significantly higher amongst those with HH income over \$100k (79%) and those with solar installed (83%)

Q4. Do you have a battery system installed in your home? **Base:** All household electricity decision-makers: 2016 (n=658), 2017 (n=1482), 2018 (n=733)

Q5. If not, would you consider installing a battery system if the price was under...? **Base:** Those who don't have a battery system installed (n=724)

Outage Response



Respondents were then shown the following description of reliability...



TasNetworks Reliability:

TasNetworks is required to ensure that the Tasmanian electricity network performs at an acceptable level of service reliability.

The established service performance targets have been set independently to ensure that the number and duration of outages experienced by Tasmanian customers remains in line with average historical performance.

Approximately one in three customers currently experience reliability service that is below these independent targets.

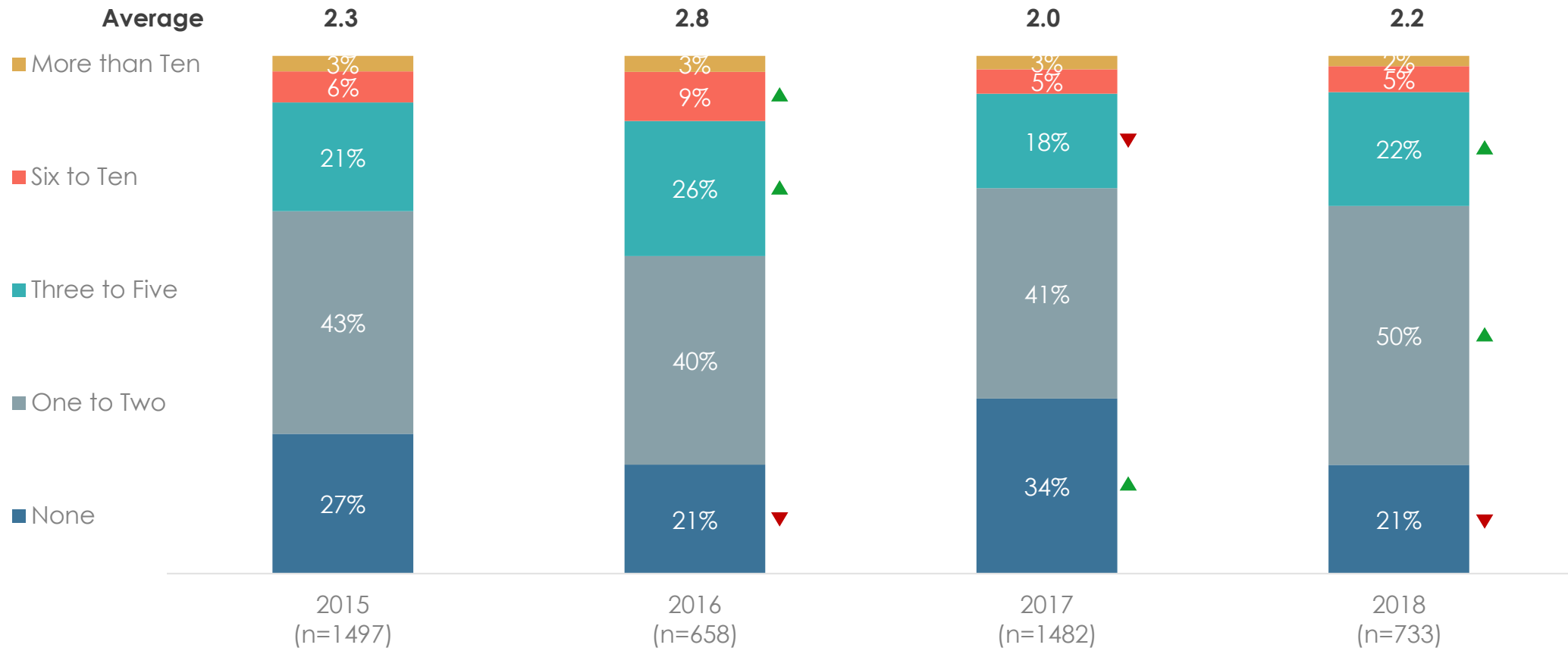
When performance measures are not achieved, TasNetworks provides affected customers with a Guaranteed Service Level payment.



The next section delves into the perception of reliability provided by TasNetworks amongst Tasmanian energy customers

Perceived unplanned outages are consistent year on year, most recalling just a couple of interruptions in the last 12 months

NUMBER OF UNPLANNED POWER OUTAGES (L12M)



Q10. Over the past 12 months how many unplanned outages have you experienced? (if you can't recall, please estimate)

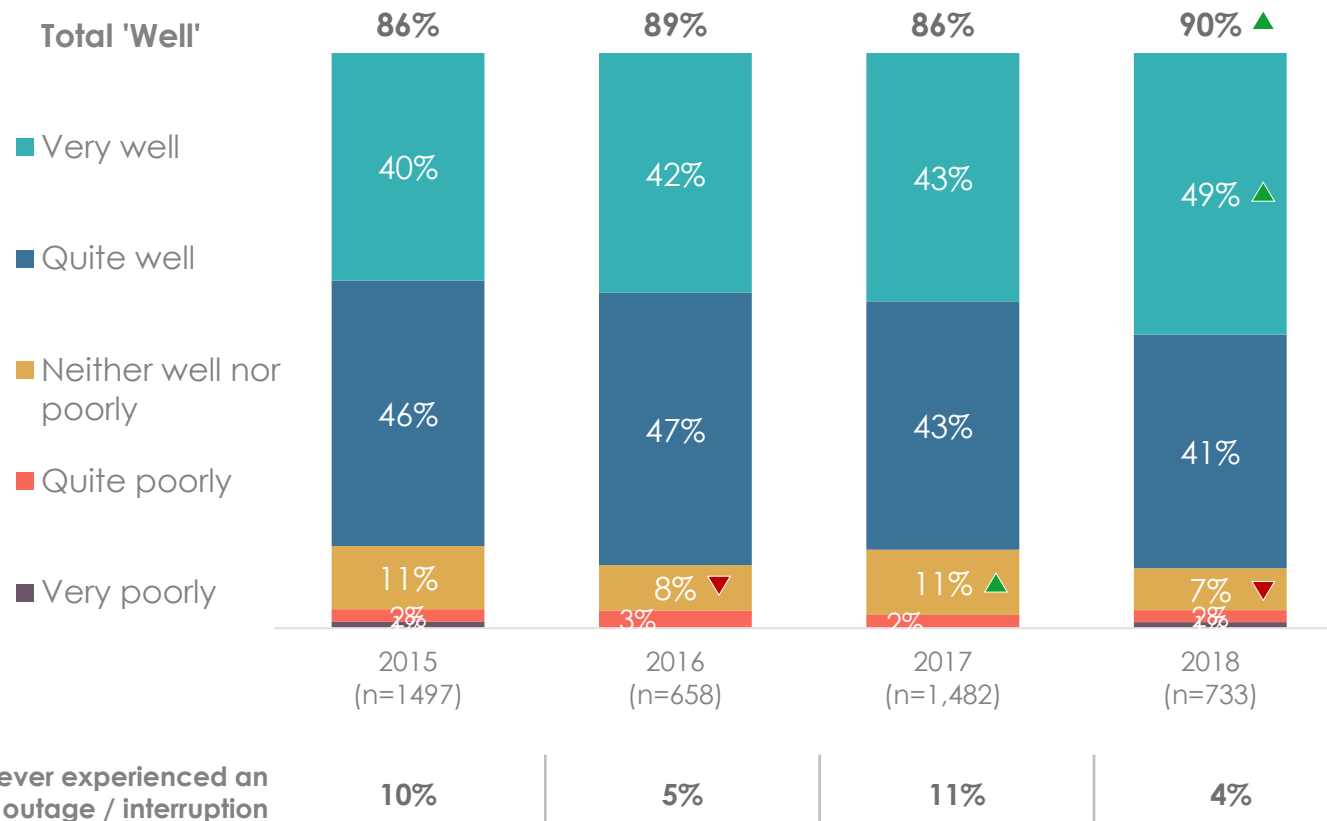
Base: All household electricity decision-makers

▲▼ Sig. difference vs. previous year

However TasNetworks' response to such outages has improved in 2018 from an already high level

HOW WELL TASNETWORKS RESPONDS TO OUTAGES & INTERRUPTIONS

Based on those who have experienced an outage/interruption



FEEDBACK FROM THOSE WHO DID NOT RATE TASNETWORKS' RESPONSE WELL

2018 results

Those who rate TasNetworks' response poorly generally cite a **lack of communication** after outages, or the fact their area seems to experience **too many outages in general**.

"It always seems to take hours for power to be restored and we seem to have frequent outages. We live in south Hobart and this does not seem to be acceptable service for a capital city."
Lives in South Hobart, rated 'Neither well nor poorly'

"Our address details were not transferred from Aurora to Tas Networks correctly hence we were not notified about a full day without power."
Lives in Tranmere, rated 'Very poorly'

"Outage information is not updated quickly over weekends or public holidays."
Lives in Old Beach, rated 'Neither well nor poorly'

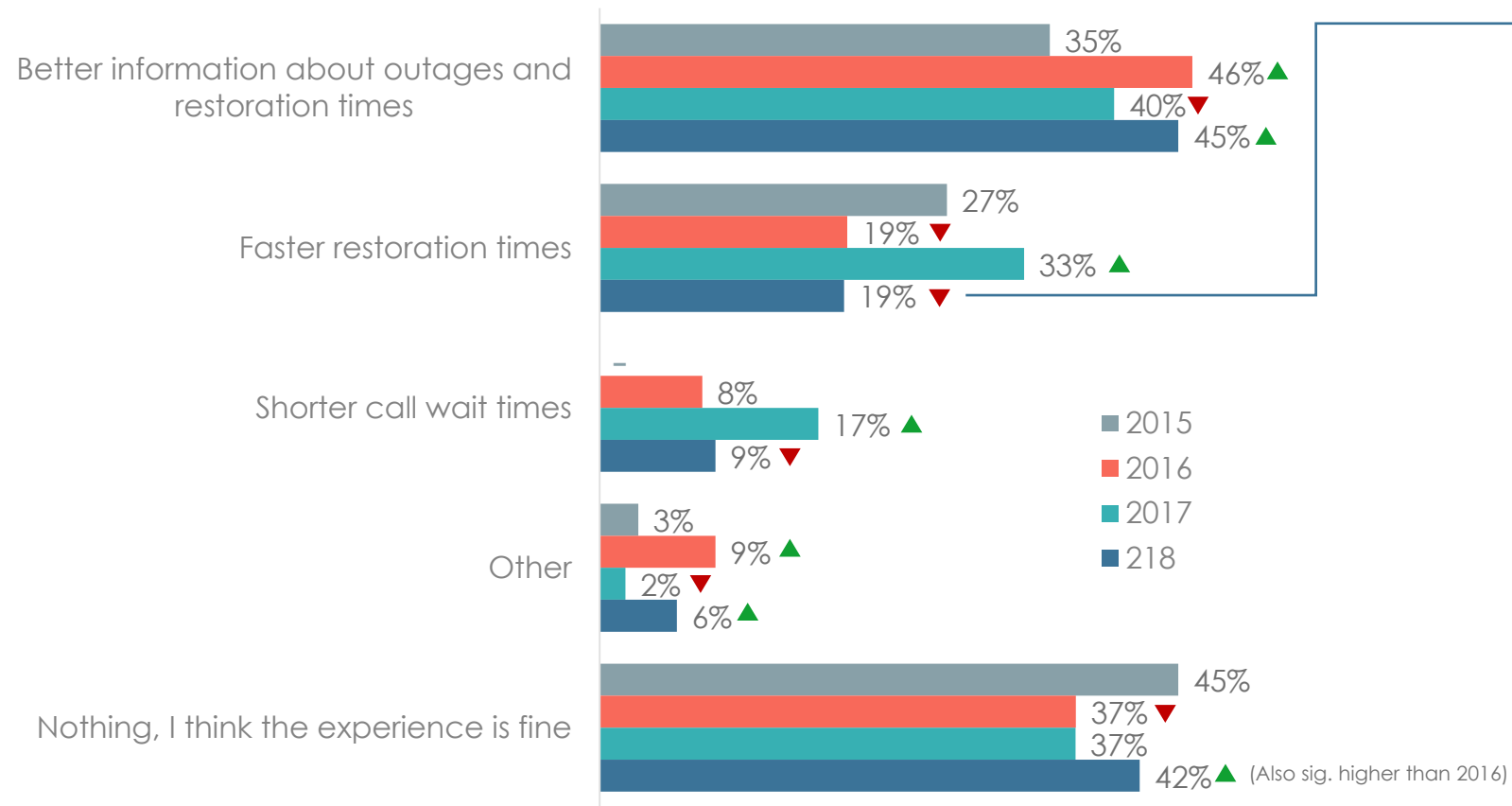
"I was off for 5 days last year. The trees are not cleared back far enough from the lines feeding my road. Every time its windy we loose power."
Lives in Lucaston, rated 'Very poorly'

▲▼ Sig. difference vs. previous year

Q10. Overall, how well do you feel TasNetworks responds to power outages or interruptions in terms of timely restoration of supply, communication and telephone response? Please provide additional feedback
 Base: All household electricity decision-makers


Though a large proportion of customers think the response experience is fine as-is, improvement areas focus on communication rather than response time

TASNETWORKS RESPONSE EXPERIENCE IMPROVEMENTS



• THOSE WITH YOUNG CHILDREN AT HOME REQUIRE **FASTER RESTORATION OF THE NETWORK.**



Faster restoration

 24%
Those with kids under 10

In terms of specific ways to improve the outage experience, there is a desire for text message communication, and better follow-up information after the outage

CUSTOMER FEEDBACK ON IMPROVING THE EXPERIENCE / TASNETWORKS' RESPONSE

“

A **text message system** informing about the **time frame of outage** once assessed.

Perhaps a **text message** or something similar to the **houses that are impacted**? I think the data would be available and shouldn't be too hard to coordinate.

Use of social media or text messages.

Maybe hook into the mobile system, and **send every customer an automated message**.

SMS to advise of **future outage**.

Send a SMS to let people know **estimated times**.

I would like to be able to **find out the reason** for an outage once supply has been restored.

Fix the problem so it **doesn't happen again** – we have had a number of outages over the past three years: all caused by fuses tripping on the same power pole.

Only the smallest thing which is very trivial: I'd like to know the **exact cause of the outage**.

”



There were multiple positive mentions of **Facebook updates** being very helpful

Services Valued, Reliability and Overall Satisfaction



Before being asked questions about service reliability, response and pricing, respondents were shown the following statement about TasNetworks:



TasNetworks provides a range of services, including:

- Management of the network to provide safe and reliable supply of electricity;
- Restoration of supply to customers after power outages;
- New connections to the electricity network; and
- Public awareness campaigns on safety issues.

TasNetworks' charges for network services make up approximately 42% of the total electricity bill that you receive from your energy retailer.

These charges equate to approximately \$210 per quarter (for total retail bill of around \$420) for a typical residential customer.



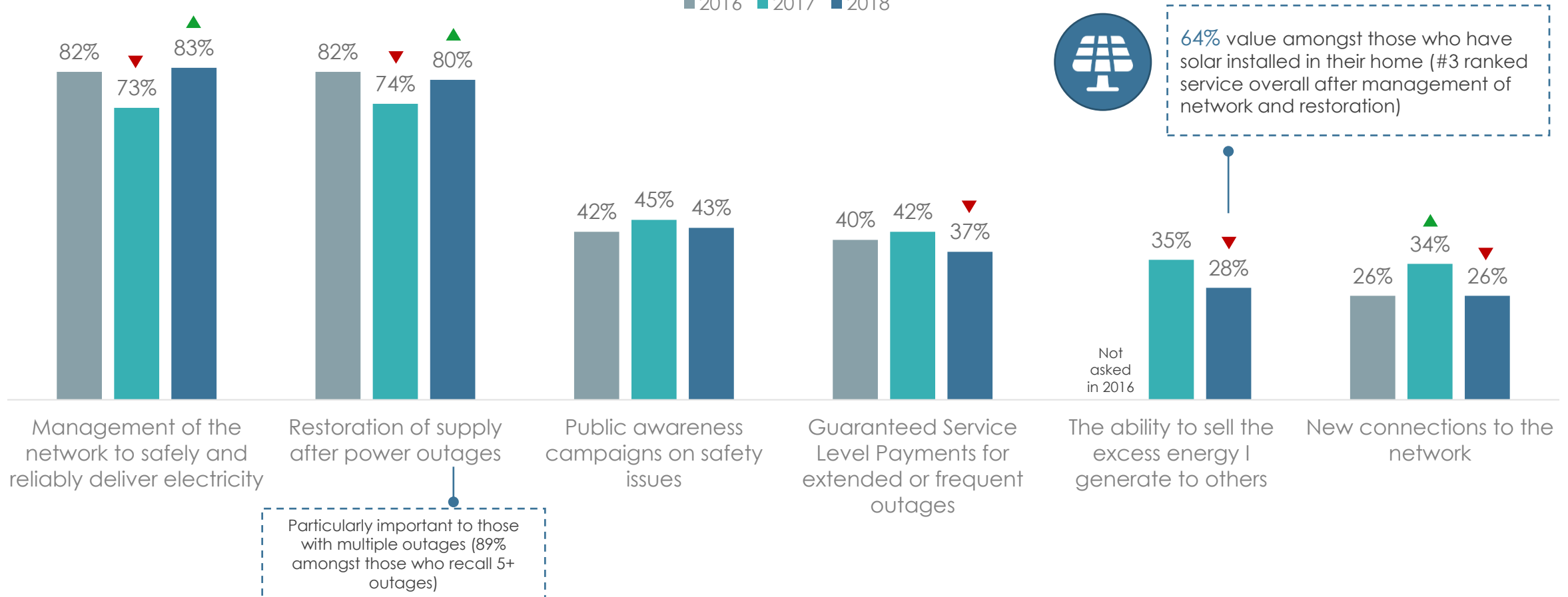
From here, respondents are asked which TasNetworks services they **currently value** and if there are any **further services** they would like TasNetworks to offer

Network management and restoration of power supply are still by far the most valued services offered, the latter dipping slightly in value vs. 2016.

VALUED TASNETWORKS' SERVICES

% who value each service

■ 2016 ■ 2017 ■ 2018



Q7. Of the following, which TasNetworks service do you value? (Select all that apply)

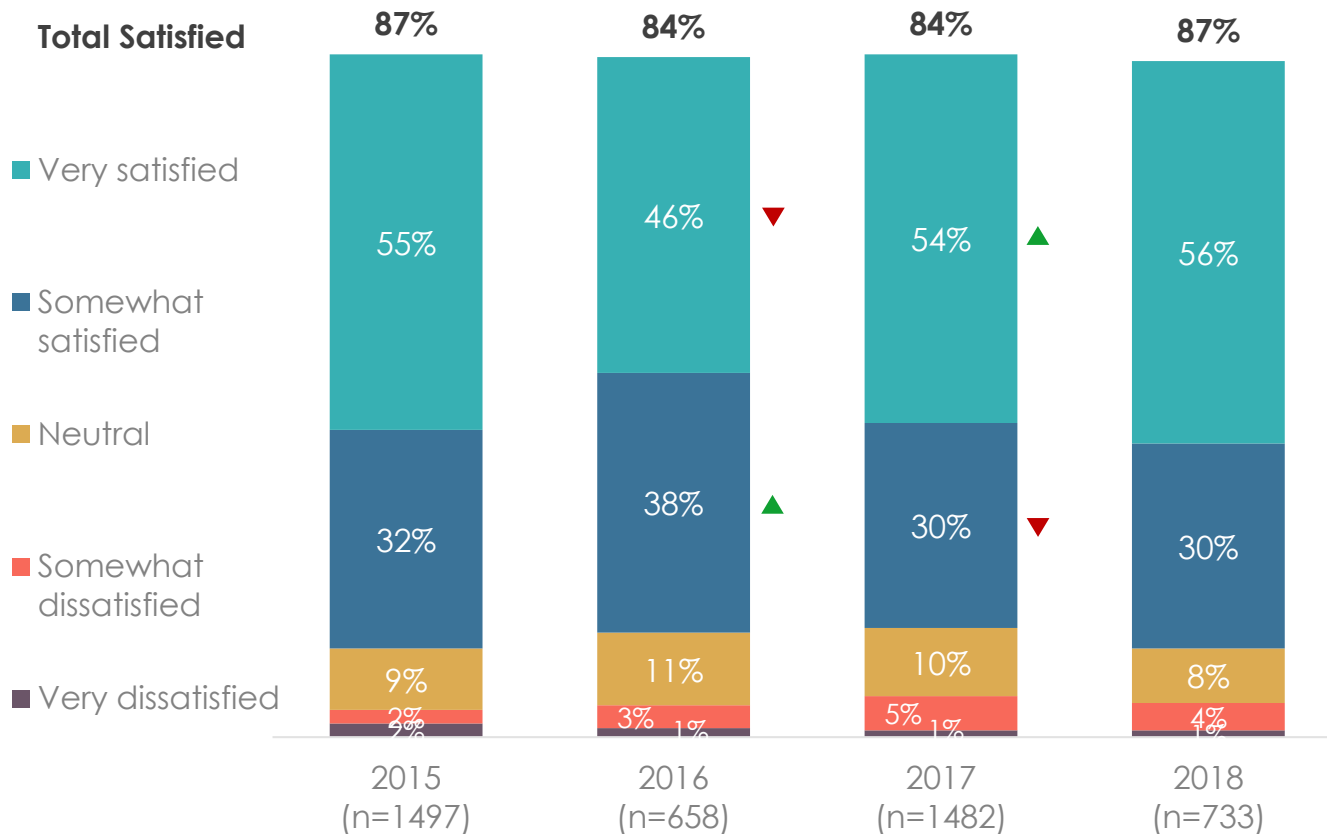
Base: All household electricity decision-makers: 2016 (n=658), 2017 (n=1482), 2018 (n=733)

▲▼ Sig. difference vs. previous year

Nature

Satisfaction with TasNetworks has increased slightly in 2018, particularly amongst those who have experienced multiple outages in the last 12 months

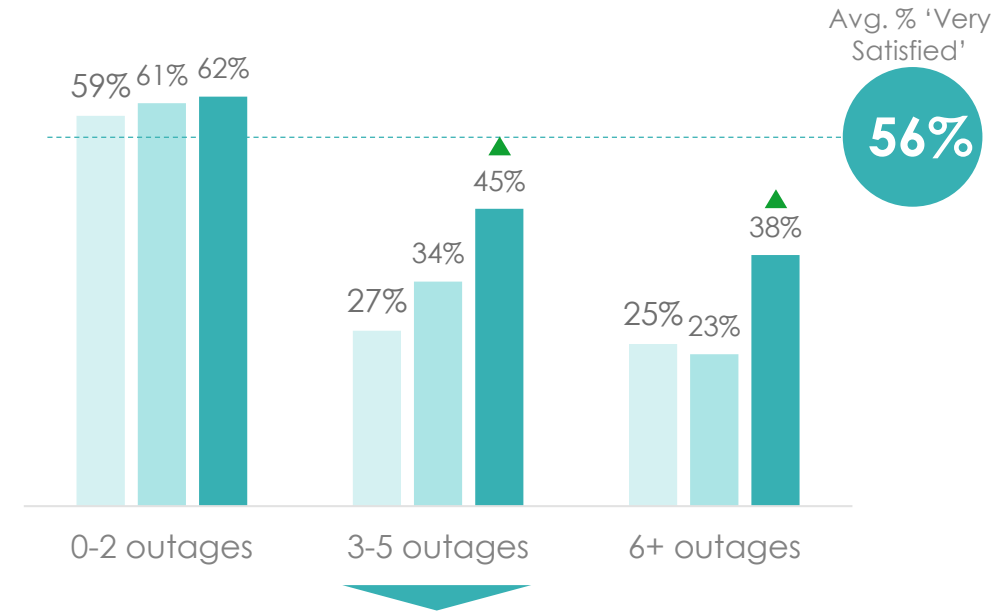
OVERALL SATISFACTION RELIABILITY



% WHO ARE 'VERY SATISFIED'

By number of recalled outages

2016 2017 2018



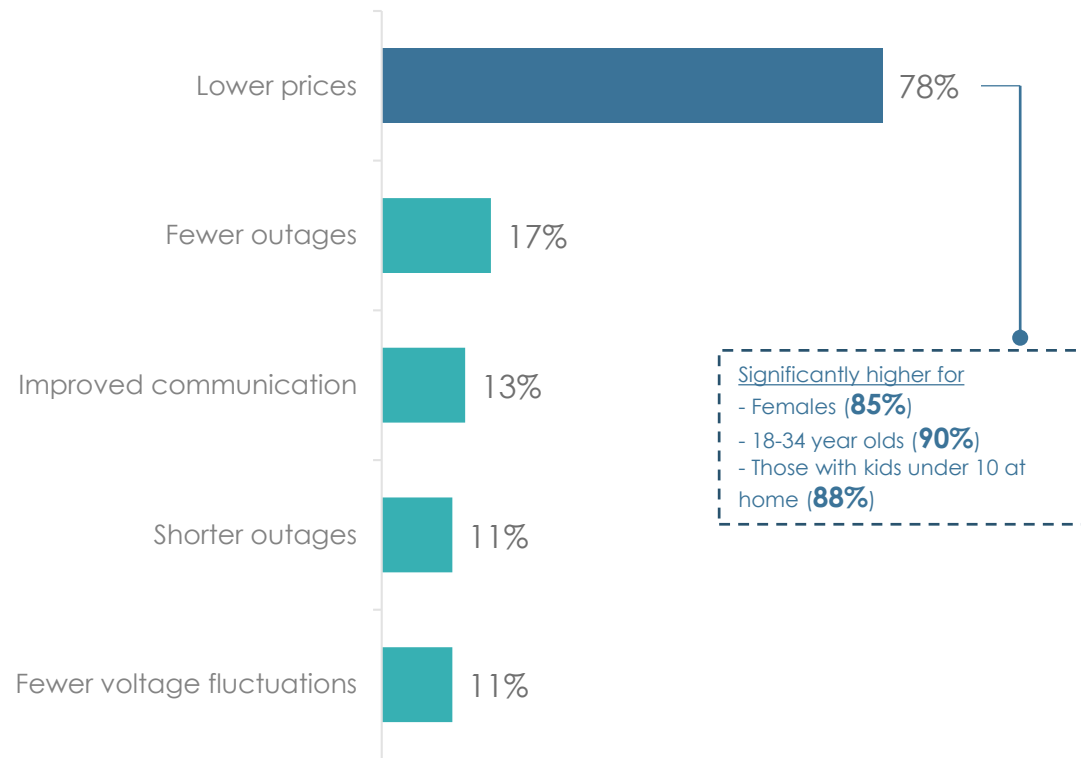
Those who have experienced a few outages (3 or more) are increasingly **tolerant** of TasNetworks and their response.

Q13. Overall, how satisfied are you with your current electricity reliability? Q10. Over the past 12 months how many unplanned outages have you experienced? (if you can't recall, please estimate)

▲▼ Sig. difference vs. previous year

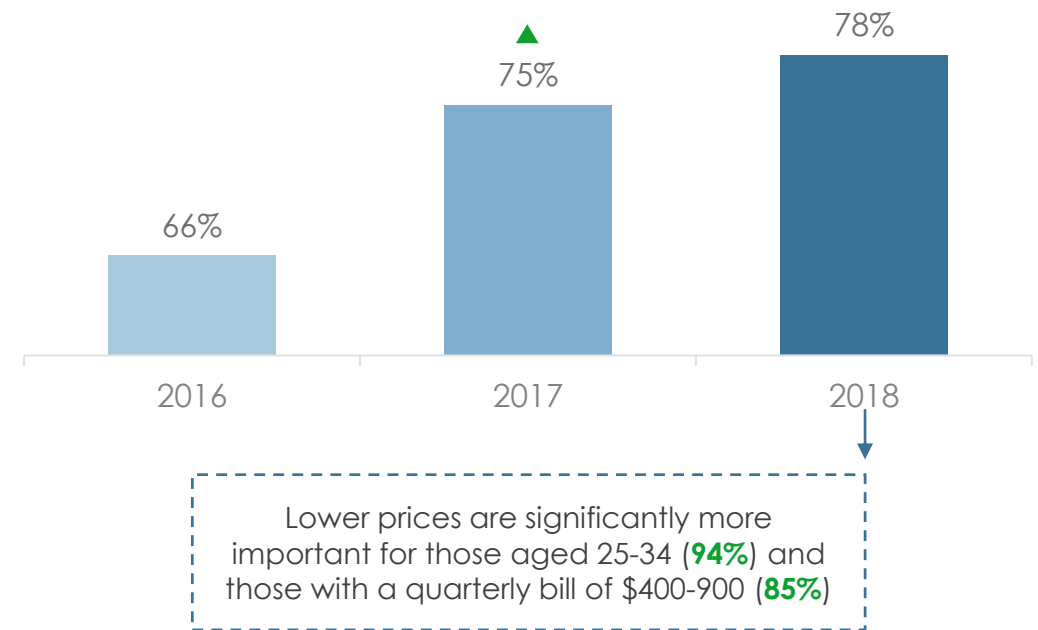
Unsurprisingly, lower prices remain by far the best way to deliver higher satisfaction. However its lead as the #1 improvement area is growing year on year.

2018 SATISFACTION IMPROVEMENT AREAS



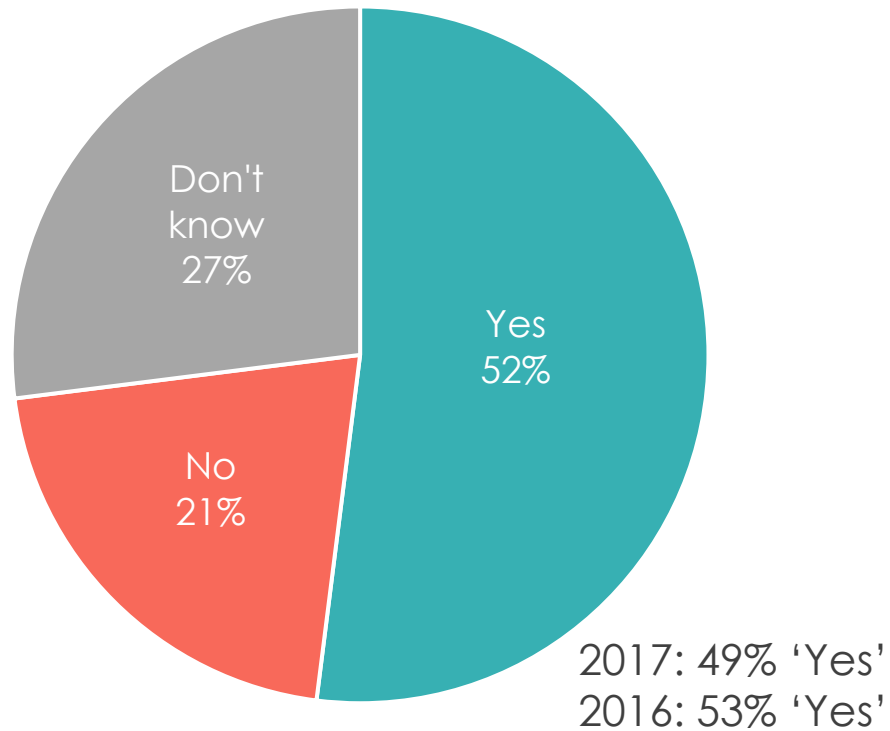
YEAR ON YEAR TREND OF % WHO SAY LOWER PRICES TO IMPROVE THEIR EXPERIENCE

2016 to 2018

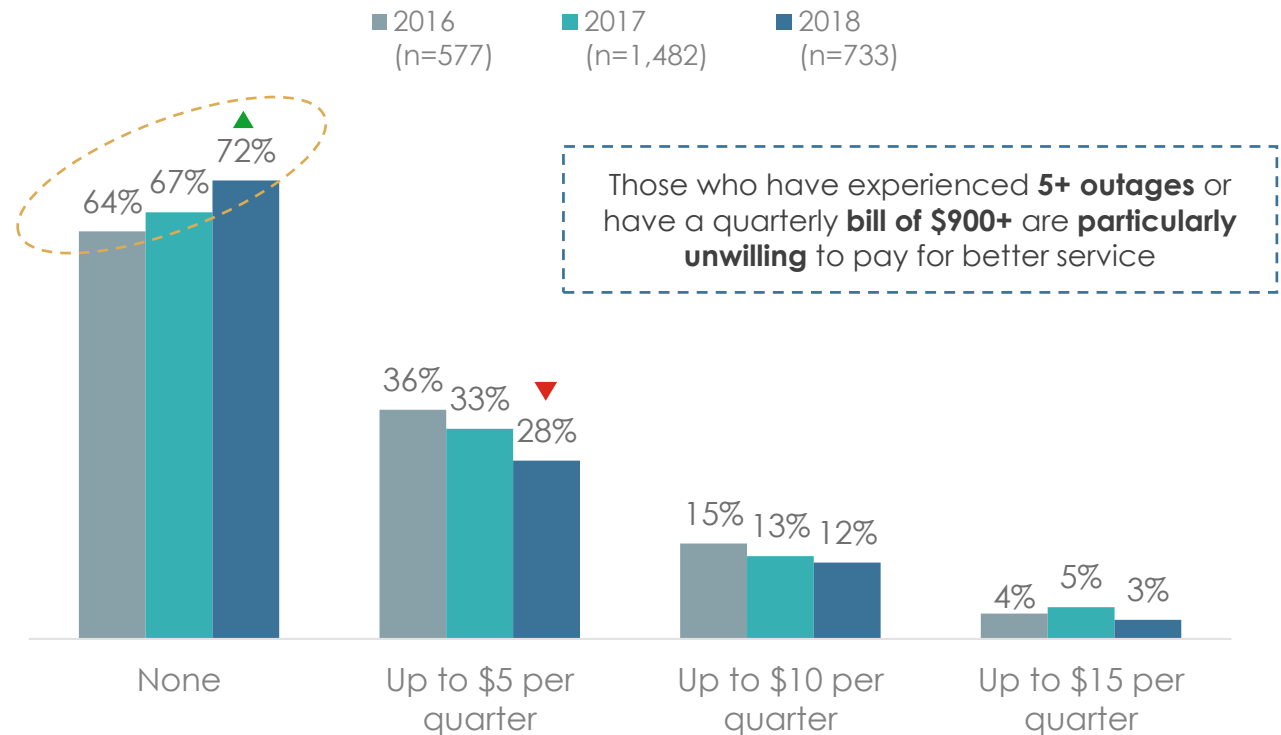


And on top of this, willingness to pay for better network reliability is waning year on year – nearly three quarters are not willing to pay for better service/reliability at all

COULD NETWORK RELIABILITY BE IMPROVED WITHOUT INCREASING NETWORK CHARGES?



COST INCREASE WILLING TO ACCEPT FOR BETTER SERVICE AND/OR RELIABILITY



Q12. Do you believe TasNetworks could improve the level of network reliability without increasing network charges?

Q17. What level of cost increase would you be prepared to accept for improved electricity network services and/or reliability in your area?


Base: All household electricity decision-makers (n=733)

▲▼ Sig. difference vs. previous year

Nature

Summary & Potential Next Steps





Claimed quarterly electricity bills have increased in 2018, with consumers desiring lower prices more than ever (particularly Millennials)

Furthermore, customers are increasingly unwilling to pay more for better service or network reliability compared to previous years

Positively, perceptions around TasNetworks' response to outages have improved from an already high level...

... and as a result, satisfaction with the organisation has improved marginally, now nearing 90% satisfied

Potential Next Steps



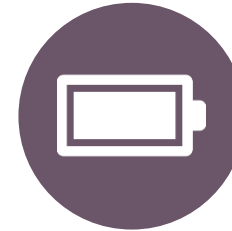
Reposition solar as a 'Bill reducer'

- There is a growing sentiment that solar is not a way to earn a supplementary income. Rather, given the perceived year-on-year increase in quarterly bill prices, it is seen as a means of cost-saving or offsetting ones electricity bill cost.
- In addition, the non-monetary benefits of solar as a source of renewable energy could also potentially become more prevalent within communications.



As ever, communication is key

- Customers are currently highly satisfied with TasNetworks' response to outages.
- Therefore rather than the actual response times, customers desire improved communication about when power will be back on and being told the cause of the outage.
- Specifically, text message notifications were cited by multiple respondents as a preferred means of notification.



Push battery system installation

- Penetration of battery systems is still extremely low and is not growing, but consideration is growing.
- While most considerers would only be open to a cost of \$2k or less, there are nearly 4 in 10 customers who are willing to pay up for \$5k.
- Assuming this is a feasible cost range, actively promoting to high-consideration groups (high income customers & those with solar installed) will assist in growing battery system uptake.

Nature:

Prepared by: Lori O'Shanassy & Adrian Compton-Cook
Contact: lori@natureresearch.com.au & adrian@natureresearch.com.au
139 Dover Street | Cremorne VIC 3121 | 03 9867 5535 | www.natureresearch.com.au